

104TH CONGRESS
1ST SESSION

H. R. 156

To amend the Internal Revenue Code of 1986 to provide a Federal income tax credit for tuition.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mr. SOLOMON introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a Federal income tax credit for tuition.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tuition Tax Credit
5 Act of 1995”.

6 **SEC. 2. TAX CREDIT FOR TUITION.**

7 (a) IN GENERAL.—Subpart A of part IV of sub-
8 chapter A of chapter 1 of the Internal Revenue Code of
9 1986 (relating to nonrefundable personal credits) is

1 amended by inserting after section 25 the following new
2 section:

3 **“SEC. 25A. TUITION TAX CREDIT.**

4 “(a) GENERAL RULE.—In the case of an individual,
5 there shall be allowed as a credit against the tax imposed
6 by this chapter for the taxable year, the amount, deter-
7 mined under subsection (b), of the educational expenses
8 paid by him during the taxable year to one or more eligible
9 educational institutions for himself, his spouse, or any of
10 his dependents (as defined in section 152).

11 “(b) LIMITATIONS.—

12 “(1) AMOUNT PER INDIVIDUAL.—The credit
13 under subsection (a) for the educational expenses of
14 any individual paid in any taxable year shall be
15 equal to so much of such expenses paid with respect
16 to such individual as does not exceed \$1,000.

17 “(2) PRORATION OF CREDIT WHERE MORE
18 THAN ONE TAXPAYER PAYS EXPENSES.—If edu-
19 cational expenses of an individual are paid by more
20 than one taxpayer during any calendar year, the
21 credit allowable to each such taxpayer under sub-
22 section (a) for any taxable year beginning in such
23 calendar year shall be the same portion of the credit
24 determined under paragraph (1) for such calendar
25 year which the amount of educational expenses of

1 such individual paid by the taxpayer during such
2 calendar year is of the total amount of educational
3 expenses of such individual paid during such cal-
4 endar year by all such taxpayers.

5 “(c) DEFINITIONS.—For purposes of this section—

6 “(1) EDUCATIONAL EXPENSES.—The term
7 ‘educational expenses’ means amounts paid for—

8 “(A) tuition and fees required for the en-
9 rollment or attendance of a student at an eligi-
10 ble educational institution, and

11 “(B) fees, books, supplies, and equipment
12 required for courses of instruction at an eligible
13 educational institution.

14 Such term does not include any amount paid, di-
15 rectly or indirectly, for meals, lodging, or similar
16 personal, living, or family expenses. In the event an
17 amount paid for tuition or fees includes an amount
18 for meals, lodging, or similar expenses which is not
19 separately stated, the portion of such amount which
20 is attributable to meals, lodging, or similar expenses
21 shall be determined under regulations prescribed by
22 the Secretary.

23 “(2) ELIGIBLE EDUCATIONAL INSTITUTION.—

24 The term ‘eligible educational institution’ means—

25 “(A) an institution of higher education,

1 “(B) a vocational school,

2 “(C) a secondary school, or

3 “(D) an elementary school.

4 “(3) INSTITUTION OF HIGHER EDUCATION.—

5 The term ‘institution of higher education’ means the
6 institutions described in section 1201(a) or 481(a)
7 of the Higher Education Act of 1965.

8 “(4) VOCATIONAL SCHOOL.—The term ‘voca-
9 tional school’ means an area vocational education
10 school as defined in section 521(3) of the Carl D.
11 Perkins Vocational Education Act.

12 “(5) ELEMENTARY AND SECONDARY
13 SCHOOLS.—The terms ‘elementary school’ and ‘sec-
14 ondary school’ mean, respectively, any elementary or
15 secondary school (as defined in paragraph (7) of sec-
16 tion 198(a) of the Elementary and Secondary Edu-
17 cation Act of 1965) which is privately operated but
18 only if it is—

19 “(A) accredited or approved under State
20 law (or, in the case of school in a State which
21 has no procedure for the accreditation or ap-
22 proval of privately operated schools, which
23 meets the requirements of State law relating to
24 compulsory school attendance), and

1 “(B) exempt from taxation under section
2 501(a) as an organization described in section
3 501(c)(3).

4 The terms ‘elementary school’ and ‘secondary school’
5 include facilities which offer education for individ-
6 uals who are physically or mentally handicapped as
7 a substitute for public elementary or secondary edu-
8 cation.

9 “(d) SPECIAL RULES.—

10 “(1) ADJUSTMENT FOR CERTAIN SCHOLAR-
11 SHIPS AND VETERANS BENEFITS.—The amounts
12 otherwise taken into account under subsection (a) as
13 educational expenses of any individual during any
14 period shall be reduced (before the application of
15 subsection (b)) by any amounts received by such in-
16 dividual during such period as—

17 “(A) a qualified scholarship (within the
18 meaning of section 117(b)) which under section
19 117 is not includible in gross income, or

20 “(B) an educational assistance allowance
21 under chapters 32, 34, or 35 of title 38 of the
22 United States Code.

23 “(2) ELIGIBLE COURSES.—Amounts paid for
24 educational expenses of any individual shall be taken

1 into account under subsection (a) only to the extent
2 such expenses—

3 “(A) are attributable to courses of instruc-
4 tion offered by an elementary or secondary
5 school, or

6 “(B) are attributable to courses of instruc-
7 tion for which credit is allowed toward a bacca-
8 laurate degree by an institution of higher edu-
9 cation or toward a certificate of required course
10 work at a vocational school and are not attrib-
11 utable to any graduate program of such individ-
12 ual.

13 “(3) INDIVIDUAL MUST BE AT LEAST HALF-
14 TIME STUDENT.—No credit shall be allowed under
15 subsection (a) for amounts paid during the taxable
16 year for educational expenses with respect to any in-
17 dividual unless that individual, during any 4 cal-
18 endar months during the calendar year in which the
19 taxable year of the taxpayer begins, is at least a
20 half-time student at an eligible education institution.

21 “(4) SPOUSE.—No credit shall be allowed under
22 subsection (a) for amounts paid during the taxable
23 year for educational expenses for the spouse of the
24 taxpayer unless—

1 “(A) the taxpayer is entitled to an exemp-
 2 tion for his spouse under section 151(b) for the
 3 taxable year, or

4 “(B) the taxpayer files a joint return with
 5 his spouse for the taxable year.

6 “(e) DISALLOWANCE OF EXPENSES AS DEDUC-
 7 TION.— No deduction shall be allowed under section 162
 8 (relating to trade or business expenses) for any edu-
 9 cational expense which (after the application of subsection
 10 (b)) is taken into account in determining the amount of
 11 any credit allowed under subsection (a). The preceding
 12 sentence shall not apply to the educational expenses of any
 13 taxpayer who, under regulations prescribed by the Sec-
 14 retary, elects not to apply the provisions of this section
 15 with respect to such expenses for the taxable year.

16 “(f) REGULATIONS.—The Secretary shall prescribe
 17 such regulations as may be necessary to carry out the pro-
 18 visions of this section.”

19 (b) CLERICAL AMENDMENT.—The table of sections
 20 for such subpart A is amended by inserting after the item
 21 relating to section 25 the following new item:

 “Sec. 25A. Expenses of higher education.”

22 (c) EFFECTIVE DATE.—The amendments made by
 23 this section shall apply to taxable years beginning after
 24 December 31, 1995.